

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: District Court of District No. 41B, City of Mount Clemens, Michigan	County Macomb
Audit Date June 30, 2004	Opinion Date August 31, 2004	Date Accountant Report Submitted To State: December 13, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>Plante &amp; Moran, PLLC</b>			
Street Address 10 South Main Street, Suite 200	City Mount Clemens	State Michigan	ZIP 48043
Accountant Signature  <i>Plante &amp; Moran, PLLC</i>			

**District Court No. 41B**  
**City of Mount Clemens, Michigan**

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2004**

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

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## Independent Auditor's Report

To the District Court Judges  
District Court No. 41B  
Mount Clemens, Michigan

We have audited the accompanying statement of net assets - fiduciary funds of District Court No. 41B, City of Mount Clemens, Michigan (a component unit of the City of Mount Clemens, Michigan) as of June 30, 2004. This financial statement is the responsibility of District Court No. 41B, City of Mount Clemens, Michigan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of District Court No. 41B, City of Mount Clemens, Michigan as of June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The other supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statement of District Court No. 41B, City of Mount Clemens, Michigan. This information has been subjected to the procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

District Court No. 41B, City of Mount Clemens, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Plante & Moran, PLLC*

August 31, 2004



A worldwide association of independent accounting firms

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

### **Statement of Net Assets**

#### **Fiduciary Funds**

#### **June 30, 2004**

	District Control Unit Account	Bond and Escrow Trust Account	Total
<b>Assets - Cash and cash equivalents (Note 3)</b>	<b><u>\$ 224,032</u></b>	<b><u>\$ 244,228</u></b>	<b><u>\$ 468,260</u></b>
<b>Liabilities</b>			
Due to City of Mount Clemens	\$ 172,208	\$ -	\$ 172,208
Due to Macomb County	3,768	-	3,768
Due to State of Michigan	41,534	-	41,534
Due to Harrison Township	6,522	-	6,522
Returnable bonds	-	244,040	244,040
Other	-	188	188
<b>Total liabilities</b>	<b><u>\$ 224,032</u></b>	<b><u>\$ 244,228</u></b>	<b><u>\$ 468,260</u></b>

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

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**Notes to Financial Statements**  
**June 30, 2004**

### **Note 1 - Significant Accounting Policies**

The State of Michigan 41B District Court (the "Court") serves the City of Mount Clemens and Harrison Township. The Court oversees and processes items relating to traffic violations, criminal and civil infractions, and small claims filings. It also provides probation oversight and related services. The Court is a component unit of the City of Mount Clemens, Michigan.

#### **Reporting Entity**

The Court is governed by two elected judges. As required by accounting principles generally accepted in the United States of America, these financial statements present the State of Michigan 41B District Court. There are no component units.

These financial statements report only the collection of amounts that are subsequently returned or paid to third parties. The operations of the Court, including all facility and related costs, are not reported in these financial statements but rather are included in the City of Mount Clemens, Michigan's General Fund.

The funds of the Court are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

#### **Significant Accounting Policies**

The accounting policies of the Court conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Fund Accounting**

The accounts of the Court are organized on the basis of funds, each of which is considered a separate accounting entity. The various funds are grouped in fiduciary funds, as follows:

#### **Fiduciary Funds**

**Agency Funds** - Agency Funds are used to account for assets held by the Court as an agent for individuals, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Court utilizes the following Agency Funds:

# **District Court No. 41B**

## **City of Mount Clemens, Michigan**

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**Notes to Financial Statements**  
**June 30, 2004**

### **Note 1 - Significant Accounting Policies (Continued)**

**District Control Unit Account** - This fund receives the Court's and the State of Michigan's share of fines and costs associated with the traffic and criminal divisions and filing fees assessed for civil and small claims filings. The revenue is then distributed to the State of Michigan, Macomb County, Harrison Township, and the City of Mount Clemens.

**Bond and Escrow Trust Account** - This fund receives and holds bond monies from defendants as a promise to appear on an appointed court date. After the court date, the monies are applied to fines and costs, bond costs, forfeitures, and refunds, as appropriate.

#### **Basis of Accounting**

The Agency Funds utilize the modified accrual basis of accounting.

Other accounting policies are disclosed in other notes to the financial statements.

### **Note 2 - District Court Funds**

District Court No. 41B is divided into four separate units, with each unit maintaining its own funds. Only the funds held by District Court No. 41B, City of Mount Clemens, Michigan are included in the attached financial statements.

### **Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2004 are comprised of deposits that total \$468,260. These deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$474,190. Of that amount, \$100,000 was covered by federal depository insurance and \$374,190 was uninsured and uncollateralized. The Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Court evaluates each financial institution with which it deposits Court funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

## **Other Supplemental Information**

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# District Court No. 41B

## City of Mount Clemens, Michigan

### Schedule of Cash Receipts and Disbursements Year Ended June 30, 2004

	District Control Unit Account	Bond and Escrow Trust Account
<b>Cash and Cash Equivalents - Beginning of year</b>	\$ 246,173	\$ 162,230
<b>Receipts</b>		
Fines and fees	2,406,770	-
Judges' salary standardization	91,448	-
OUIL case flow	24,619	-
Bonds posted	-	924,865
Garnishments and escrow	-	4,807
Interest	2,162	-
Restitution and other	-	30,512
Total receipts	2,524,999	960,184
<b>Disbursements</b>		
Transfers to:		
District Control Unit General Fund	1,997,625	-
State of Michigan	406,784	-
Macomb County	26,009	-
Judges' Retirement System	14,805	-
Harrison Township	101,917	-
Refunds and other	-	31,428
Bonds returned	-	763,907
Bonds forfeited	-	57,092
Garnishment and escrow	-	25,759
Total disbursements	2,547,140	878,186
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 224,032</b>	<b>\$ 244,228</b>